



Australian Government

Commonwealth Superannuation Corporation

1 November 2016

Mr David Brunoro
Committee Secretary
Joint Committee of Public Accounts and Audit
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Dear Mr Brunoro

Submission to the JCPAA inquiry on the Commonwealth Performance Framework

Commonwealth Superannuation Corporation (CSC) has been requested to make a submission to the Joint Committee of Public Accounts and Audit (JCPAA) inquiry on the Commonwealth Performance Framework, based on Auditor-General's reports No. 6 (2016-17) *Corporate Planning in the Australian Public Sector*; and No. 31 (2015-16) *Administration of Higher Education Loan Program Debt and Repayments*.

About CSC

CSC is the trustee of the superannuation schemes for Australian Government employees and Australian Defence Force members. CSC was established as a corporate Commonwealth entity on 1 July 2011 under the *Governance of Australian Government Superannuation Schemes Act 2011*.

CSC's primary function is to administer the schemes and manage and invest the funds in the best interests of all members and in accordance with the provisions of the various acts and deeds that govern the schemes.

Following the passage of the *Governance of Australian Government Superannuation Schemes Legislation Amendment Bill 2015* on 15 June 2015, ComSuper was merged into CSC on 1 July 2015. Prior to the merger ComSuper had provided superannuation administration services on behalf of CSC, its sole client.

Your Government Super at Work

CSC AFSL 238069 RSE L0001397 ABN 48 882 817 243	CSS RSE R1004649 ABN 19 415 776 361	MSBS RSE R1000306 ABN 50 925 523 120	PSS RSE R1004595 ABN 74 172 177 893	PSSap RSE R1004601 ABN 65 127 917 725	1922 Scheme	DFRB Scheme	DFRDB Scheme	PNG Scheme	DFSPB
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CSC operates within the Australian superannuation industry, and is licensed by both the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC).

ANAO's audit of CSC's 2015-16 Corporate Plan

In conducting their *Corporate Planning in the Australian Public Sector* audit, the Australian National Audit Office (ANAO) selected CSC's 2015-16 Corporate Plan for review as part of a sample of nine Commonwealth entities and companies. The 2015-16 Corporate Plan was the first plan prepared under the new requirements of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act).

The ANAO determined that CSC's PGPA corporate plan was in compliance with the requirements of the PGPA Act and the *PGPA Rule 2014*; however the ANAO considered CSC's plan to be at the lowest of four stages of maturity because it was not implemented as CSC's primary planning document for 2015-16.

CSC has had a long-standing practice of preparing three-year strategic plans annually for business planning purposes and to meet its regulatory requirements. These plans included a number of Milestones for a year. Progress on achieving these Milestones has been reported quarterly to the CSC Board.

As discussed with the ANAO staff during the audit, CSC took a compliance approach to developing its 2015-16 Corporate Plan so as to meet the requirements under the PGPA Act by the required deadline of 31 August 2015. This approach was primarily due to CSC's focus on the merger of ComSuper into CSC on 1 July 2015, legislation for which only passed on 15 June 2015. The merger was a major event for CSC, and it was critical that services to our 720,000 members, preservers and pensioners be maintained during the transition period. While much planning had occurred before 15 June, it was only after that date that many core operational issues could be finalised.

Given the Department of Finance's policy expectations that the PGPA corporate plan is the primary planning document (Resource Management Guide No.132) the CSC Board agreed at its 12 May 2016 meeting that for 2016-17:

- The PGPA corporate plan be regarded as the principal planning document for delivering on CSC's purpose of growing the wealth of Australian Government employees and members of the Australian Defence Force for their retirement, and will contain performance criteria and targets that indicate achievement of that purpose;
- The CSC strategic plan will outline specific strategic milestones and outcomes that will assist in delivering on this purpose, and the links between the strategic milestones and performance criteria/targets will be documented separately; and



Quarterly reporting will be provided to the Board on the performance criteria and targets in the 2016-17 PGPA corporate plan, the strategic milestones and other key operational objectives.

CSC's 2016-17 Corporate Plan

CSC's 2016-17 Corporate Plan was submitted to the Minister for Finance and published on CSC's website on 29 August 2016, following approval by CSC's Board on 16 August 2016. The plan specifically states that it is 'CSC's principal planning document for delivering on its purpose' (Page 6).

Other feedback received from the ANAO audit was also taken into account in developing the 2016-17 Corporate Plan. The Plan is more descriptive and detailed than the 2015-16 Plan, particularly in respect of the review of CSC's operating environment and risk management framework.

A CSC colleague and I will attend the public hearing on 23 November 2016 in order to assist the Committee further with its inquiry.

Yours sincerely



Peter Carrigy-Ryan
Chief Executive Officer

